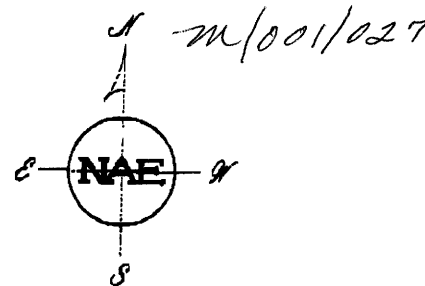


NORTH AMERICAN EXPLORATION, INC.

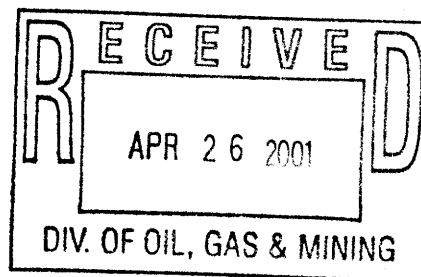
GEOLOGY GEOPHYSICS GEOCHEMISTRY ENVIRONMENTAL SERVICES



April 26, 2001

VIA FACSIMILE

Mr. Thomas Munson
Utah Dept. of Natural Resources
Division of Oil, Gas and Mining
P. O. Box 145801
Salt Lake City, Utah 84114



Dear Tom:

Here is an update on our "Notice of Intention" to Revise Mining for the Pearl Queen Perlite mine. (M/001/027) located in Beaver County, Utah:

1. I am still waiting for the cross sections of the proposal pits and roads that you have requested. They are coming from an engineering company in Denver and should be here soon. I plan to hand deliver them to you early next week.
2. The "data recovery" archaeological work is under way. Field work is completed. The hold up now is a down analytical instrument (x-ray diffraction unit?) at BYU to be used to "source" the obsidian. Our plan is to submit a completed report around May 15th.
3. Inquiry by the Utah Division of Water Rights regarding use of water at the mine - I telephoned Mr. Terry D. Carpenter (435/586-4231) on April 23rd and explained that we used no water in the mine and reclamation operations. He had no further questions or comments. He said it was not necessary to provide any follow up information or write a letter unless you required additional information.

We are making some progress. Thank you for your help.

Sincerely,

O. Jay Gatten

Cc: Correspondence
Project